

**MINUTES
GAMING ADVISORY COUNCIL**

*January 20, 2006
Gambling Control Division
Helena, Montana*

Please note: This is a summary of the Council meeting. The meeting in its entirety is on tape at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits are on file in the office of the Gambling Control Division.

COUNCIL MEMBERS PRESENT

Sen. Joe Tropila
Bill Thomas
Pam Kennedy
Steve Morris

John Tooke, Vice-Chairman
Nick Murnion
Rep. John Witt
Tim Carson

DIVISION STAFF PRESENT

Gene Huntington
Rick Ask
Kathy Baertsch

Ben Kamerzel
Al Arvish

SUMMARY OF COUNCIL ACTION

- ♠ A motion passed unanimously to proceed as set out in the Audit Subcommittee issue paper.
- ♣ A motion passed unanimously to vote that the rate of return should be prohibited from being displayed on video gaming devices. The council voted unanimously in favor of a motion to take this to legislation after review by a sub-committee.
- ♥ The Council voted unanimously to take no action on the negative video gambling tax.
- ♦ A motion passed unanimously to have the Division survey bingo owners on proposed bingo changes.
- ♠ The Council tentatively set the next meeting in Helena on April 21.

CALL TO ORDER AND ROLL CALL

Chairman Witt called the meeting to order at 8:32 a.m. All members were present except for Fred Guardipee, who was excused. The minutes from the September 23, 2005 meeting were adopted unanimously.

ATTORNEY GENERAL MIKE MCGRATH

Montana Attorney General Mike McGrath addressed the Council. Attorney General McGrath thanked the Council and those in attendance for making the Gaming Advisory Council work and stated that the number of people in attendance is an indication that people think the Council listens.

SHAUNA HELFERT – LIQUOR DIVISION, DEPARTMENT OF REVENUE

Shauna Helfert, the new Administrator of the Liquor Division was introduced and explained the new organizational structure of the Department of Revenue.

AUDIT COMMITTEE REPORT ON PROPOSED RULES FOR ACCOUNTING SYSTEMS

The Council heard a report from the Audit Subcommittee on proposed rule concepts related to the new database. John Tooke, Chair of the Audit Subcommittee summarized the issues discussed in the issue paper and asked Gene Huntington to provide a general explanation. Pam Kennedy asked if the idea was that operators would move up through tiers to tier one. Gene Huntington responded that as old equipment was replaced operators would have incentives to move to higher tiers. There was discussion of if different machines in a location could report in different tiers. Mr. Huntington indicated that this was an area that needed additional analysis; however, it might not work if it required an operator to file more than one tax report. Chairman Witt asked if everyone was comfortable with the report. A motion passed unanimously to proceed as set out in the issue paper from the Audit Subcommittee.

Chairman Witt then introduced Zoann Attwood of INTRALOT. Ms. Attwood explained that INTRALOT was the new system provider for the Montana Lottery. Ms. Attwood explained that INTRALOT also provides slot accounting system and they were interested in the development of the new system in Montana. Ms. Attwood introduced INTRALOT U.S. Area Manager Chris Tzoumaras, who gave a brief presentation on the company.

POKER SUBCOMMITTEE REPORT

Chairman Witt then asked Senator Tropila to provide a report from the Poker Subcommittee. Sen. Tropila reported that the Subcommittee had held two meetings and reported on the meetings and thanked the people who had attended the meetings. Sen. Tropila then asked Mr. Huntington to go over the issue paper. Mark Staples indicated that MTA still had some reservations about some of the recommendations and that he felt

that they could support 95% of the report. Rich Miller indicated that he needed to meet with folks in Cascade County to discuss some of their concerns. Mr. Tooke commented as a member of the Subcommittee that there needs to be some certainty about how poker will change if the law is changed and indicated that the Division needs the tools to enforce the law and assure the games are played by the rules. In response to a question Mr. Huntington indicated that he envisioned that all of these changes would be included in a single general revision bill.

DISPLAY OF PAYOUT STATISTIC

Mr. Huntington then reviewed the issue paper on displaying the rate of return on video gambling machines. Gene explained the options for the Council and indicated that from his analysis the Division does not have the authority to enact rules dealing with the display of the rate of return or to set a maximum rate of return. Tim Carson commented that he believes this issue needs to be addressed and that he believes that displaying the payout statistic deceives the player. Mr. Tooke expressed that single taverns were being pressed by the thinner margins and the display of payout will only add to this problem. Ronda Carpenter Wiggers speaking on behalf of the Montana Coin Operators expressed that their organization does not feel that the display of the payout needs to be regulated. Local operators from Billings spoke indicating that the payout display could be viewed as an enticement to players that could hurt the image of the industry. Tim Carson indicated that the GIA is not in favor of capping the payout. Dave Craft of U1 indicated that he believed that displaying the payout provides disclosure information that the player should see.

After further discussion, Chairman Witt indicated a need to vote the display of payout issue up or down. Bill Thomas made a motion to ask for legislation prohibiting the display of payout statistics and it was seconded by Tim Carson. After further discussion Bill and Tim withdrew the motion and the second. Steve Morris made a motion and Bill Thomas seconded the motion that the rate of return should be prohibited from being displayed on video gaming devices. The Council voted unanimously on this motion. The Council voted unanimously in favor of a motion to take this to legislation after review by a sub-committee. Nick Murnion asked the Division to prepare a legal analysis of why the Division lacks rule-making authority on this issue.

NEGATIVE VIDEO GAMBLING TAX

Gene Huntington reviewed the issue paper on the negative video gambling machine tax. Rich Miller indicated that the GIA was not in favor of opening up this issue with legislation. Ronda Carpenter of the Montana Coin Operators and Mark Staples of the MTA concurred with Rich's comments. Tim Carson made a motion to take no action and the motion passed unanimously.

ADMINISTRATOR'S REPORT

Gene Huntington provided a brief administrators report. He indicated that he is participating with several other states in a taskforce that is looking at cooperative efforts in enforcement of internet gambling laws. He indicated that the contract for the new database has been signed and that a more in depth report will be made at the next meeting. Gene reported that there had been a meeting the previous day with representatives of the Montana Council on Problem Gambling, the Montana Lottery, and the Gaming Industry Association and there had been some general discussion concerning moving forward with some state funding mechanism for problem gambling. Gene indicated that information he has been trying to collect in relation to credit gambling has been slow to come in and he will have a report for the next meeting. He reported that the workload in the testing lab has been caught up and he will have a report at the next meeting on any changes that might need to be requested from the next legislature. Gene concluded by reviewing the most recent licensing and tax collection statistics.

PUBLIC COMMENTS

Chairman Witt then asked for comments from the public. Mark Ehli spoke to the need to update restrictions on bingo. John Tooke and Pam Kennedy indicated that there is a need to get a consensus among bingo operators. Pam Kennedy moved and Bill Thomas seconded a motion to have the Division survey bingo operators on the proposed change. The motion passed unanimously.

FINAL BUSINESS

The meeting adjourned at 2:00 p.m. The next meeting will tentatively be held April 21 in Helena.